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Securities Code: 8098

June 1, 2017

To our shareholders:

Katsutaro Inabata  
President  
**Inabata & Co., Ltd.**  
1-15-14 Minami-semba, Chuo-ku,  
Osaka

## Notice of Convocation of the 156th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 156th Ordinary General Meeting of Shareholders of Inabata & Co., Ltd. (the “Company”), which will be held as indicated below.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by 5:10 p.m. on Thursday, June 22, 2017 (JST) following the instructions given below.**

### Details

- 1. Date and Time:** Friday, June 23, 2017, at 10:00 a.m.
- 2. Place:** Conference room, 9th floor of the Company, Sakaisuji Inabata Building  
1-15-14 Minami-semba, Chuo-ku, Osaka

### 3. Objectives:

#### Items to be reported

1. The Business Report and the Consolidated Financial Statements for the 156th fiscal year (from April 1, 2016 to March 31, 2017), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the audit & supervisory board
2. The Financial Statements for the 156th fiscal year (from April 1, 2016 to March 31, 2017)

#### Items to be resolved

- Proposal 1:** Election of nine (9) directors  
**Proposal 2:** Election of one (1) substitute audit & supervisory board member

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- Ⓞ When you attend the meeting, you are kindly requested to present the enclosed Voting Right Exercise Form at the reception of the meeting.
  - Ⓞ The Consolidated Financial Statements and the Financial Statements provided in the attached documents to this Notice of Convocation form part of the Consolidated Financial Statements and the Financial Statements audited by the audit & supervisory board members and the accounting auditor. Pursuant to the laws and regulations and article 15 of the Company’s articles of incorporation, Notes on the Consolidated Financial Statements and Notes on the Financial Statements are posted on the Company’s website and are not attached to the attached documents to this Notice of Convocation.

⊙ If it becomes necessary to make changes to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Financial Statements prior to the day before the meeting, we will notify you of the changes either by postal mail or via the Company's website.

\* The Company's website: <http://www.inabata.co.jp>

## Reference Materials for the General Meeting of Shareholders

**Proposal 1:** Election of nine (9) directors

The term of office of all the nine (9) directors will expire at the conclusion of this general meeting of shareholders.

Accordingly, the Company proposes the election of nine (9) directors.

The candidates for director are as follows:

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
1	<p style="text-align: center;">Katsutaro Inabata (December 3, 1959)</p> <p style="text-align: center; border: 1px solid black; padding: 2px;">Reappointment</p> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">60,100</td> </tr> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	60,100	Attendance at meetings of the board of directors	16 of 16 (100%)	<p>Jan. 1989     Joined the Company</p> <p>Jun. 1995     Director of the Company</p> <p>Jun. 1997     Managing Director of the Company</p> <p>Jun. 2003     Director and Managing Executive Officer of the Company</p> <p>Apr. 2005     Director and Senior Managing Executive Officer of the Company</p> <p>Dec. 2005     Director and President of the Company (present)</p> <p>[Reason for nomination as a candidate for director] Since being appointed as director in 1995, Mr. Katsutaro Inabata has served as managing director, director and managing executive officer, and director and senior managing executive officer. Since 2005, he has been director and president of the company. He has managed the Company for many years and possesses abundant experience as a member of the management, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p> <p>[Tenure as director] 22 years (at the conclusion of this general meeting of shareholders)</p>	-
No. of Company shares owned							
60,100							
Attendance at meetings of the board of directors							
16 of 16 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
2	<p data-bbox="293 445 502 506" style="text-align: center;">Toyohiro Akao (December 19, 1959)</p> <p data-bbox="322 546 474 575" style="text-align: center; border: 1px solid black;">Reappointment</p> <table border="1" data-bbox="269 1288 523 1541" style="width: 100%; margin-top: 20px;"> <tr> <td data-bbox="269 1288 523 1361" style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td data-bbox="269 1361 523 1413" style="text-align: center;">15,000</td> </tr> <tr> <td data-bbox="269 1413 523 1487" style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="269 1487 523 1541" style="text-align: center;">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	15,000	Attendance at meetings of the board of directors	16 of 16 (100%)	<p data-bbox="537 371 1145 1155"> Apr. 1982    Joined the Company  Jun. 2004    General Manager, Display &amp; Imaging Division  of the Company  Jun. 2005    Executive Officer of the Company  Jun. 2010    Director and Executive Officer of the  Company  Apr. 2011    General Manager, Electronics Materials &amp;  Equipment Division of the Company  Apr. 2012    General Manager, Information &amp; Electronics  Division I, Information &amp; Electronics Division  II and Information &amp; Electronics Division III  of the Company  Apr. 2013    In charge of Information &amp; Electronics  Division I, Information &amp; Electronics Division  II and Information &amp; Electronics Division III  of the Company  Jun. 2013    Director and Managing Executive Officer of  the Company  Jun. 2014    In charge of Chemicals Division and Life  Industry Division of the Company  Jun. 2015    Director and Senior Managing Executive  Officer of the Company (present)  Apr. 2016    In charge of information &amp; electronics,  chemicals, life industry segments and the  Americas, Europe of the Company (present) </p> <p data-bbox="537 1167 1145 1525"> [Reason for nomination as a candidate for director]  Mr. Toyohiro Akao has held positions of responsibility in the information &amp; electronics segment, one of the Company's main segments, for many years. Following his appointment as director in 2010 as a member of the management, he has served as director and managing executive officer, and since 2015 he has been a director and senior managing executive officer, and is in charge of the information &amp; electronics, chemicals, and life industry segments. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p> <p data-bbox="537 1536 1145 1590"> [Tenure as Director] Seven years  (at the conclusion of this general meeting of shareholders) </p>	<p data-bbox="1165 371 1382 427">Director, Inabata Fine Tech Co., Ltd.</p> <p data-bbox="1165 456 1362 535">Director, Taiwan Inabata Sangyo Co., Ltd.</p>
No. of Company shares owned							
15,000							
Attendance at meetings of the board of directors							
16 of 16 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
3	<p style="text-align: center;">Kenichi Yokota (November 3, 1962)</p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Reappointment</span></p> <table border="1" style="width: 100%; margin-top: 20px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">11,000</td> </tr> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	11,000	Attendance at meetings of the board of directors	16 of 16 (100%)	<p>Jul. 1996      Joined the Company</p> <p>Jul. 2004      General Manager, Finance and Accounting Office of the Company</p> <p>Jun. 2005      Executive Officer of the Company</p> <p>Jun. 2008      Director and Executive Officer of the Company</p> <p style="padding-left: 20px;">General Manager, Corporate Planning Office of the Company</p> <p>May 2009      In charge of Internal Audit Office of the Company</p> <p>Jun. 2009      General Manager, Financial Management Office of the Company</p> <p>Apr. 2011      Deputy General Manager, Corporate Planning Office of the Company</p> <p>Apr. 2013      In charge of Financial Management Office, and Deputy General Manager, International Affiliate Management Office of the Company</p> <p>Jun. 2013      In charge of Risk Management Office of the Company</p> <p>Jun. 2014      Director and Managing Executive Officer of the Company (present)</p> <p style="padding-left: 20px;">In charge of Business Process Management Office of the Company</p> <p>Apr. 2016      In charge of financial management, investor relations, business process management, risk management, international affiliate management of the Company (present)</p> <p>Jun. 2016      In charge of general affairs and information technology of the Company (present)</p> <p>[Reason for nomination as a candidate for director] Mr. Kenichi Yokota has primarily held positions of responsibility in the Company's financial management for many years. Following his appointment as director in 2008 as a member of the management, since 2014 he has been director and managing executive officer, and is in charge of administrative areas such as general affairs, information technology, financial management, investor relations, business process management, and risk management. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p> <p>[Tenure as director] Nine years (at the conclusion of this general meeting of shareholders)</p>	-
No. of Company shares owned							
11,000							
Attendance at meetings of the board of directors							
16 of 16 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
4	<p data-bbox="320 443 475 510">Tomohiko Sato (June 22, 1955)</p> <p data-bbox="320 544 475 577">Reappointment</p> <table border="1" data-bbox="272 954 523 1070"> <tr> <td data-bbox="272 954 523 1025">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 1025 523 1070">16,400</td> </tr> </table> <table border="1" data-bbox="272 1088 523 1205"> <tr> <td data-bbox="272 1088 523 1160">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 1160 523 1205">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	16,400	Attendance at meetings of the board of directors	16 of 16 (100%)	<p data-bbox="539 371 1142 853"> Apr. 1978    Joined the Company  Jun. 2010    General Manager, Housing &amp; Eco Materials Division of the Company  Jun. 2012    Executive Officer of the Company  Jun. 2013    Director and Executive Officer of the Company  Jun. 2015    Director and Managing Executive Officer of the Company (present)                    In charge of Plastics Division II and Housing &amp; Eco Materials Division of the Company  Apr. 2016    In charge of housing &amp; eco materials segment, Assisting Managing Executive Officer of plastics segment of the Company (present)  Jun. 2016    In charge of human resources of the Company (present) </p> <p data-bbox="539 864 1142 1167"> [Reason for nomination as a candidate for director]  Mr. Tomohiko Sato has held positions of responsibility in the Company's housing &amp; eco materials segment for many years. Following his appointment as director in 2013 as a member of the management, since 2015 he has been director and managing executive officer, and is in charge of the housing &amp; eco materials and the plastics segments. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p> <p data-bbox="539 1178 1142 1223"> [Tenure as director] Four years  (at the conclusion of this general meeting of shareholders) </p>	-
No. of Company shares owned							
16,400							
Attendance at meetings of the board of directors							
16 of 16 (100%)							
5	<p data-bbox="296 1312 499 1379">Masahiro Sugiyama (June 15, 1958)</p> <p data-bbox="320 1413 475 1447">Reappointment</p> <table border="1" data-bbox="272 1491 523 1608"> <tr> <td data-bbox="272 1491 523 1563">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 1563 523 1608">6,900</td> </tr> </table> <table border="1" data-bbox="272 1626 523 1742"> <tr> <td data-bbox="272 1626 523 1697">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 1697 523 1742">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	6,900	Attendance at meetings of the board of directors	16 of 16 (100%)	<p data-bbox="539 1245 1142 1491"> Jul. 2002    Joined the Company  Jun. 2010    Executive Officer of the Company                    General Manager, Plastics Division II of the Company  Apr. 2014    General Manager, Information &amp; Electronics Division I of the Company (present)  Jun. 2016    Director and Executive Officer of the Company (present) </p> <p data-bbox="539 1503 1142 1749"> [Reason for nomination as a candidate for director]  Mr. Masahiro Sugiyama has held positions of responsibility in the plastics segment and the information &amp; electronics segment, both of which are major segments for the Company. He was appointed as director in 2016 as a member of the management. He possesses abundant experience within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p> <p data-bbox="539 1760 1142 1805"> [Tenure as director] One year  (at the conclusion of this general meeting of shareholders) </p>	-
No. of Company shares owned							
6,900							
Attendance at meetings of the board of directors							
16 of 16 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
6	<p>Noriomi Yasue (March 13, 1957)</p> <p><u>New candidate</u></p> <p>No. of Company shares owned</p> <p>1,300</p>	<p>Apr. 1980    Joined the Company</p> <p>Apr. 2013    General Manager, Plastics Division I of the Company (present)</p> <p>Apr. 2014    General Manager, Plastics Compound Business Office of the Company</p> <p>Jun. 2014    Executive Officer of the Company (present)</p> <p>[Reason for nomination as a candidate for director] Mr. Noriomi Yasue has worked in positions of responsibility in the plastics segment, one of the Company's main segments, for many years. He also has experience as president of domestic and overseas group companies, and possesses abundant global and wide-ranging experience, so the Company considers him suitably qualified as a director of the Company and has nominated him as a candidate for director.</p>	-
7	<p>Yoshimasa Takao (March 11, 1951)</p> <p><u>Reappointment</u></p> <p><u>Candidate for outside director</u></p> <p>No. of Company shares owned</p> <p>0</p> <p>Attendance at meetings of the board of directors</p> <p>16 of 16 (100%)</p>	<p>Apr. 1973    Joined Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2003    Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2006    Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2008    Director and Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2009    Representative Director and Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2012    Representative Director and Executive Vice President, Sumitomo Chemical Co., Ltd.</p> <p>Apr. 2015    Director and Executive Deputy Chairman, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2015    Executive Deputy Chairman, Sumitomo Chemical Co., Ltd.</p> <p>Jun. 2015    Director of the Company (present)</p> <p>Jun. 2015    Outside Director, Fuji Oil Company, Ltd. (present)</p> <p>Apr. 2016    Advisor, Sumitomo Chemical Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for outside director] Mr. Yoshimasa Takao possesses abundant experience as a member of the management of a general chemicals manufacturer and holds extensive knowledge of the chemicals industry. He has provided appropriate advice to the board of directors from an objective perspective, and has sufficiently fulfilled the role that the Company expects of an outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him once more as a candidate for outside director.</p> <p>[Tenure as outside director] Two years (at the conclusion of this general meeting of shareholders)</p>	<p>Advisor, Sumitomo Chemical Co., Ltd.</p> <p>Outside Director, Fuji Oil Company, Ltd.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
8	<p data-bbox="300 443 496 510">Katsumi Nakamura (June 23, 1953)</p> <p data-bbox="300 544 496 584">Reappointment</p> <p data-bbox="300 591 496 651">Candidate for outside director</p> <p data-bbox="300 667 496 707">Independent officer</p> <p data-bbox="300 913 496 974">No. of Company shares owned</p> <p data-bbox="384 992 411 1021">0</p> <p data-bbox="300 1048 496 1108">Attendance at meetings of the board of directors</p> <p data-bbox="316 1122 480 1151">15 of 16 (93.8%)</p>	<p data-bbox="539 371 1150 853">Apr. 1978    Joined Nissan Motor Co., Ltd. Jan. 2000    Program Director, Program Management Office, Nissan Motor Co., Ltd. Apr. 2001    Corporate Vice President, Nissan Motor Co., Ltd. Jul. 2003    President, Dongfeng Motor Co., Ltd. (China) May 2008    Executive Vice President, Renault S.A.S. (France) Jun. 2009    Director, Nissan Motor Co., Ltd. Jun. 2013    Chairman of the Board, Calsonic Kansei Corp. Jun. 2015    Director of the Company (present) Jun. 2016    Chairman, Calsonic Kansei Corp. (present) Jun. 2016    Outside Director, Kansai Airports (present) Jun. 2016    Director (Outside), Kito Corp. (present)</p> <p data-bbox="539 860 1150 1137">[Reason for nomination as a candidate for outside director] Mr. Katsumi Nakamura has abundant experience and extensive knowledge as a member of the management of large global corporations. He has provided appropriate advice to the board of directors from an objective perspective, and has sufficiently fulfilled the role that the Company expects of an outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him once more as a candidate for outside director.</p> <p data-bbox="539 1144 1150 1200">[Tenure as outside director] Two years (at the conclusion of this general meeting of shareholders)</p>	<p data-bbox="1166 371 1394 427">Chairman, Calsonic Kansei Corp.</p> <p data-bbox="1166 456 1394 512">Outside Director, Kansai Airports</p> <p data-bbox="1166 542 1394 598">Director (Outside), Kito Corp.</p>
9	<p data-bbox="300 1283 496 1350">Toshiyuki Kanisawa (November 23, 1948)</p> <p data-bbox="300 1384 496 1424">New candidate</p> <p data-bbox="300 1431 496 1491">Candidate for outside director</p> <p data-bbox="300 1507 496 1547">Independent officer</p> <p data-bbox="300 1704 496 1765">No. of Company shares owned</p> <p data-bbox="384 1783 411 1812">0</p>	<p data-bbox="539 1216 1150 1559">Apr. 1972    Joined Tokyo Gas Co., Ltd. Jun. 2003    Executive Officer, Tokyo Gas Co., Ltd. Apr. 2006    Senior Executive Officer, Tokyo Gas Co., Ltd. Jun. 2007    Director, Senior Executive Officer, Tokyo Gas Co., Ltd. Apr. 2010    Representative Director, Executive Vice President, Tokyo Gas Co., Ltd. Apr. 2012    Director, Tokyo Gas Co., Ltd. Jun. 2012    Counselor, Tokyo Gas Co., Ltd. (present) Jun. 2012    Vice Chairperson, The Japan Gas Association</p> <p data-bbox="539 1565 1150 1868">[Reason for nomination as a candidate for outside director] Mr. Toshiyuki Kanisawa has abundant experience and extensive knowledge as a member of the management of Japan's largest city gas company and a leading company in the energy sector. The Company expects that he will provide appropriate advice to the board of directors from an objective perspective, and believes that he will sufficiently fulfill the role of outside director. Based on the above, the Company considers him suitably qualified as an outside director of the Company and has nominated him as a candidate for outside director.</p>	<p data-bbox="1166 1216 1394 1272">Counselor, Tokyo Gas Co., Ltd.</p>

- (Notes)
1. There are no special interests between the candidates and the Company.
  2. Messrs. Noriomi Yasue and Toshiyuki Kanisawa are candidates for new directors.
  3. Messrs. Yoshimasa Takao, Katsumi Nakamura and Toshiyuki Kanisawa are candidates for outside directors.
  4. Within the past five years, Mr. Yoshimasa Takao has served as an executive in Sumitomo Chemical Co., Ltd., which is a specified affiliated business operator for the Company. The relevant past positions are included in the brief career summary provided above.
  5. The Company designates Messrs. Katsumi Nakamura and Toshiyuki Kanisawa as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When the reelection of Mr. Katsumi Nakamura is approved, he is scheduled to be an independent officer continuously. As for Mr. Toshiyuki Kanisawa, if his election is approved, he is scheduled to be an independent officer. Both of them meet the independence criteria set out in the Company's "criteria for independence of outside officers" (these criteria are provided on pages 11-12).
  6. Messrs. Yoshimasa Takao and Katsumi Nakamura are currently outside directors of the Company, and the Company has entered into an agreement with them to limit their liability for damages under article 423, paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to renew the respective agreement with each of them. In addition, if the election of Mr. Toshiyuki Kanisawa is approved, the Company plans to enter into the same agreement with him to limit his liability for damages. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
  7. "No. of Company shares owned" is current as of March 31, 2017.

**Proposal 2:** Election of one (1) substitute audit & supervisory board member

The Company proposes the election of the following candidate as substitute for audit & supervisory board member to be ready to fill a vacant position should the number of audit & supervisory board members fall below the number required by laws and regulations and the articles of incorporation.

Prior consent to this proposal has been obtained from the audit & supervisory board.

The candidate for substitute audit & supervisory board member is as follows:

Name (Date of birth)	Brief career summary	Significant concurrent positions at other organizations
<p>Toru Muranaka (June 3, 1965)</p> <p><u>Reappointment</u></p> <p>Candidate for substitute audit &amp; supervisory board member</p> <p><u>Independent officer</u></p> <p>No. of Company shares owned</p> <p>0</p>	<p>Apr. 1995 Registered as Attorney</p> <p>Nov. 2007 Partner, Daiichi Law Office, P.C. (present)</p> <p>May 2014 Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd. (present)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd. (present)</p> <p>Jun. 2016 External Director, Capcom Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for substitute outside audit &amp; supervisory board member and reason for determining that the candidate would appropriately carry out these duties] Mr. Toru Muranaka, though never having been directly involved in corporate management in any form other than as outside officer, is a qualified attorney, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for substitute outside audit &amp; supervisory board member.</p>	<p>Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd.</p> <p>Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd.</p> <p>External Director, Capcom Co., Ltd.</p>

(Notes) 1. There are no special interests between the candidate and the Company.

2. Mr. Toru Muranaka is a candidate for substitute outside audit & supervisory board member of the Company.
3. If Mr. Toru Muranaka assumes the office of outside audit & supervisory board member because the number of audit & supervisory board members fell below the minimum provided for by laws and regulations and the articles of incorporation, the Company plans to enter into an agreement with him to limit his liability for damages under article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
4. Mr. Toru Muranaka meets the independence criteria set out in the Company's Criteria for Independence of Outside Officers (these criteria are provided on pages 11-12) and the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc.
5. "No. of Company shares owned" is current as of March 31, 2017.

<For Reference>

## **1. Policy and procedure for the appointment of candidates for directors and audit & supervisory board members**

When the Company's board of directors elects executives and appoints candidates for directors and audit & supervisory board members, the Nomination and Remuneration Committee which mainly consists of independent outside directors, take measures, for instance, such as interviewing candidates, to examine credentials and aptitude which would contribute to the improvement of corporate value in the medium and long term and to ensure the objectivity and fairness of any decision the board of directors makes.

The Company has the Criteria for Independence of Outside Officers, which are set out in section 2 below, independently in place for the election of outside directors and outside audit & supervisory board members and elects them in accordance with these criteria.

## **2. Criteria for Independence of Outside Officers**

The Company has established criteria concerning the independence of outside directors and outside audit & supervisory board members of the Company (hereinafter collectively called "outside officers") as follows, and outside officers who do not meet any of the following conditions are considered independent.

1. An executive (\*1) of the Company or a subsidiary of the Company currently or within the past 10 years
2. A person who has met any of the following conditions (1) through (7) over the last three years
  - (1) A party whose major client or supplier is the Company (\*2) or an executive thereof
  - (2) A major client or supplier of the Company (\*3) or an executive thereof
  - (3) A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member (\*4) (In case it is an organization such as a corporation or an association that receives monetary consideration or property, a party which belongs to the said organization.)
  - (4) A major shareholder (\*5) of the Company or an executive thereof
  - (5) A major lender (\*6) of the Company or an executive thereof
  - (6) A party that receives a donation over a certain amount (\*7) from the Company or a party affiliated with an organization that receives a donation from the Company
  - (7) An executive of a company for which an executive of the Company serves concurrently as outside officer of the said company
3. A spouse or relative within the second degree of kinship of the person in 1. or 2. above
4. A person who has served as outside officer of the Company for over eight years

(\*1) "Executive" is an executive director, an executive officer or an employee.

(\*2) "A party whose major client or supplier is the Company" is one which has received a payment from the Company equivalent to over 2% of its consolidated annual gross sales.

(\*3) "Major client or supplier of the Company" is one which has paid to the Company an amount equivalent to over 2% of the Company's consolidated annual gross sales.

- (\*4) “Receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member” means receiving from the Company monetary consideration or property which exceeds the higher of either 2% of sales or total revenue of such party in addition to compensation as a director/audit & supervisory board member or 10 million yen.
- (\*5) “Major shareholder” is one whose ownership ratio of voting rights is 10% or higher.
- (\*6) “Major lender” is one which has lent the Company an amount equivalent to over 2% of the Company’s consolidated total assets.
- (\*7) “A donation over a certain amount” is one over 10 million yen.